

**S.E.C. RULE 15c2-12
ANNUAL REPORT
FISCAL YEAR ENDED JUNE 30, 2005**

The State of California (the "State"), acting by and through the State Treasurer's Office of the State of California, hereby provides its annual report for the fiscal year ended June 30, 2005 in connection with the following:

Bond Issue

Name of Issue	Dated Date	Date of Continuing Disclosure Agreement
East Bay State Building Authority – Refunding Certificates of Participation (State of California Department of Transportation Lease) Series 1997A	10/1/97	10/1/97

The base CUSIP number for the bond listed above is 130656 - _ _ _.

Note: The base CUSIP number provided is for the convenience of Bondholders. The State Treasurer's Office is not responsible for the accuracy or completeness of such numbers.

Annual Report

The State's "annual report" (as defined in the Continuing Disclosure Agreement for the Bonds) for the fiscal year ended June 30, 2005 consists of:

1. Unaudited Basic Financial Statements of the State http://www.treasurer.ca.gov/financial/2005_unaudited_basic.pdf. The financial statements conform to the Governmental Accounting Standards Board ("GASB") accounting principles generally accepted in the United States of America. The components of the Unaudited Basic Financial Statements are Government-Wide Financial Statements, Fund Financial Statements and Notes to the Financial Statements. The Audited Basic Financial Statements for the State are expected to be available prior to May 1, 2006 and when available will be promptly filed with each of the Nationally Recognized Municipal Securities Information Repositories.
2. Financial information contained in Appendix A of the Official Statement, dated March 1, 2006, with respect to State of California Various Purpose General Obligation Bonds (the "OS"), which information is incorporated herein by reference. A copy of the OS has previously been filed with each of the Nationally Recognized Municipal Securities Information Repositories and is available from any of them.

3. Information concerning the California Department of Transportation's primary programs and budget sources and the financial condition of the State Highway Account. This information is provided in the tables in Exhibit 1 attached hereto.
4. The insurance required by the Lease relating to the Bonds is in effect.

Other Matters

This annual report is provided solely for purposes of the Continuing Disclosure Agreement. The filing of this report does not constitute or imply any representation (i) that all of the information provided is material to investors, (ii) regarding any other financial, operating or other information about the State of California (the "State"), the Department of Transportation (the "Department") or the Bonds, or (iii) that no changes, circumstances or events have occurred since the end of the fiscal year to which this report relates (other than as referred to in this report), or that no other information exists which may have a bearing on the State's or the Department's financial condition, the security for the Bonds, or an investor's decision to buy, sell, or hold the Bonds. The information contained in this report has been obtained from sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness. No statement in this annual report should be construed as a prediction or representation about future financial performance of the State or the Department.

Dated: March 30, 2006

State of California

Original signed by Katie Carroll
Deputy State Treasurer
For State Treasurer, Philip Angelides

Exhibit I

**DEPARTMENT OF TRANSPORTATION
PRIMARY PROGRAMS AND BUDGET SOURCES
(In Thousands)**

Programs:

	<u>2004-05</u>
Aeronautics	\$ 6,166
Highway Transportation	7,362,822
Mass Transportation	304,663
Transportation Planning	147,389
Administration	304,039
Equipment Service Program Costs	162,678
State-Mandated Local Programs	1
TOTAL	\$ <u>8,287,758</u>

Sources of Funds:

General Fund	\$ -
Aeronautics Account, State Transportation Fund	7,827
State Highway Account, State Transportation Fund	2,804,005
Bicycle Transportation Account, State Transportation Fund	6,528
Public Transportation Account, State Transportation Fund	128,611
Local Airport Loan Account	-1,501
Environmental Enhancement and Mitigation Program Fund	5,000
Historic Property Maintenance Fund	1,458
Equipment Service Fund	169,947
Toll Bridge Seismic Retrofit Account, State Transportation Fund	1,357,755
Seismic Retrofit Bond Fund of 1996	12,403
Federal Trust Fund	2,487,585
Reimbursements	637,898
Local Transportation Loan Account, State Highway Account, State Transportation Fund	-
Traffic Congestion Relief Fund	336,740
Transportation Investment Fund	-
Transportation Deferred Investment Fund	-
Transportation Financing Subaccount, State Highway Account, State Transportation Fund	333,502
TOTAL	\$ <u>8,287,758</u>

Source: Department of Transportation

2660 Department of Transportation

The mission of the California Department of Transportation (Caltrans) is to improve mobility across California through safety, reliability, performance, flexibility, and productivity.

3-YR EXPENDITURES AND POSITIONS (Summary of Program Requirements)

	Positions			Expenditures		
	2004-05	2005-06	2006-07	2004-05*	2005-06*	2006-07*
10 Aeronautics	24.7	25.7	25.7	\$6,166	\$8,406	\$8,506
20 Highway Transportation	17,611.9	18,641.4	18,869.7	7,362,822	10,937,373	9,868,377
20.10 Highway Transportation-Capital Outlay Support	10,228.4	10,815.3	11,033.9	1,255,097	1,721,384	1,601,441
20.20 Capital Outlay Projects	-	-	-	3,693,485	6,022,645	4,790,507
20.30 Highway Transportation-Local Assistance	275.3	295.2	295.5	1,291,625	2,010,465	2,295,684
20.40 Highway Transportation-Program Development	241.7	254.5	254.5	66,580	71,777	71,785
20.65 Highway Transportation-Legal	180.7	188.2	188.2	75,063	63,665	63,680
20.70 Highway Transportation-Operations	1,398.5	1,456.4	1,459.4	149,373	173,642	163,283
20.80 Highway Transportation-Maintenance	5,287.3	5,631.8	5,638.2	831,599	873,795	881,997
30 Mass Transportation	149.1	153.3	148.3	304,663	818,794	1,138,391
40 Transportation Planning	795.8	828.6	828.6	147,389	154,622	190,941
50 Administration	1,313.1	1,342.7	1,326.5	304,039	341,670	335,639
60.10 Equipment Service Program Costs	632.7	659.0	663.7	162,678	179,764	179,148
60.20 Distributed Equipment Service Program Costs	-	-	-	-	-	-179,148
98 State-Mandated Local Programs	-	-	-	1	-	-
TOTALS, POSITIONS AND EXPENDITURES (All Programs)	20,527.3	21,650.7	21,862.5	\$8,287,758	\$12,440,629	\$11,541,854

FUNDING	2004-05*	2005-06*	2006-07*
0001 General Fund	\$-	\$1,345,148	\$2,326,287
0041 Aeronautics Account, State Transportation Fund	7,827	7,762	7,908
0042 State Highway Account, State Transportation Fund	2,804,005	3,457,960	3,674,063
0045 Bicycle Transportation Account, State Transportation Fund	6,528	7,212	9,244
0046 Public Transportation Account, State Transportation Fund	128,611	288,085	606,744
0052 Local Airport Loan Account	-1,501	340	340
0183 Environmental Enhancement and Mitigation Program Fund	5,000	-	-
0365 Historic Property Maintenance Fund	1,458	1,500	1,507
0608 Equipment Service Fund	169,947	187,254	-
0650 Toll Bridge Seismic Retrofit Account, State Transportation Fund	1,357,755	867,080	-
0653 Seismic Retrofit Bond Fund of 1996	12,403	57,807	22,220
0890 Federal Trust Fund	2,487,585	3,362,881	3,547,920
0995 Reimbursements	637,898	2,847,666	1,753,918
2501 Local Transportation Loan Account, State Highway Account, State Transportation Fund	-	1,000	1,000
3007 Traffic Congestion Relief Fund	336,740	974,752	1,066,892
3008 Transportation Investment Fund	-	-1,078,289	-823,657
3093 Transportation Deferred Investment Fund	-	-	-665,000
6801 Transportation Financing Subaccount, State Highway Account, State Transportation Fund	333,502	112,471	12,468
TOTALS, EXPENDITURES, ALL FUNDS	\$8,287,758	\$12,440,629	\$11,541,854

The 2006-07 Governor's Budget proposes the elimination of the Equipment Service Fund (0608). Equipment costs will continue to be distributed to other programs from the Equipment Service Program.

LEGAL CITATIONS AND AUTHORITY

DEPARTMENT AUTHORITY

Streets and Highways Code Section 90 et seq., Government Code Section 14000 et seq.

* Dollars in thousands, except in Salary Range.

DEPARTMENT OF TRANSPORTATION
STATE TRANSPORTATION FUND - STATE HIGHWAY ACCOUNT (0042)
STATEMENT OF FINANCIAL CONDITION
JUNE 30, 2005

ASSETS

CASH:

In State Treasury	\$	654	
In Agency Accounts		22,607,409	22,608,063

DEPOSITS IN SURPLUS MONEY INVESTMENT FUND:		572,046,000	572,046,000
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RECEIVABLES:

Reimbursements		816,464,444	
Revenue		8,667,610	
Others		293,976	
Interfund Receivable		374,000,000	
Due from Other Funds/Federal Government		232,190,820	
Provision for Deferred Receivables		(7,538,459)	1,424,078,391

PREPAID EXPENSES:

Prepayment to Other Funds/Appropriations		1,764,844,078	
Expense Advance		2,834,417	
Other Prepaid Expenses		500,410	
Inventories		40,912,362	1,809,091,267

Total Assets:	\$	3,827,823,721	
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LIABILITIES, RESERVES, AND FUND BALANCE

CURRENT LIABILITIES:

Accounts Payable	\$	1,786,223,954	
Due to Other Funds/Appropriations		257,867,907	
Revenue Collected in Advance		4,537,488	
Reimbursements Collected in Advance		0	
Deposits		10,221,289	
Project Deposits		0	2,058,850,638

RESERVES:

Reserve for Advances		364,844,078	
Reserves - Other		40,912,362	
Reserves- Interfund		354,000,000	
Amount to be Provided for Other Long Term Debt		0	759,756,440

FUND BALANCE - UNAPPROPRIATED:			1,009,216,643
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TOTAL LIABILITIES, RESERVES, AND FUND BALANCE:	\$	3,827,823,721	
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DEPARTMENT OF TRANSPORTATION (2660)
COMBINED STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCE
STATE TRANSPORTATION FUND - STATE HIGHWAY ACCOUNT (0042)
Fiscal Year Ended June 30, 2005

FUND BALANCE, JUNE 30, 2003

\$ 814,396,201

REVENUES:

MOTOR VEHICLES REGISTRATION (WEIGHT FEES)
 OTHER REGULATORY LICENSES AND PERMITS
 SALE OF DOCUMENTS
 INCOME FROM SURPLUS MONEY INVESTMENTS
 INCOME FROM CONDEMNATION DEPOSIT FUND INVESTMENTS
 RENTALS OF STATE PROPERTY
 MISCELLANEOUS REVENUE FROM USE OF PROPERTY & MONEY
 ESCHEAT-CHECKS, WARRANTS
 MISCELLANEOUS REVENUE

895,772,452
 10,430,319
 257,407
 14,684,968
 1,435,211
 35,145,826
 55,555,974
 699,330
 845,763

1,014,847,311

REFUNDS TO REVERTED APPROPRIATION

35,2016

OPERATING TRANSFERS IN:

HIGHWAY USERS TAX ACCOUNT, TRANSPORTATION TAX FUND
 (GASOLINE AND DIESEL FUEL TAX)
 MOTOR VEHICLE ACCT-SMIF
 TRANSP PLAN & DEV ACCT
 TRAFFIC CONGESTION RELIEF FUND
 STEPHEN F. TEALE DATA CTR
 GENERAL FUND INTEREST POSTED AT SCO NOT IN TRAMS
 GENERAL FUND (PRIOR YEAR)

2,101,875,966
 2,560,409
 14,651,000
 132,000,950
 11,095,948
 0
 0

2,254,194,324

3,269,079,651

OPERATING TRANSFER OUT:

PTA-LOAN
 TRAFFIC CONGESTION RELIEF FUND
 PUBLIC TRANSPORTATION ACCOUNT
 VARIOUS AGRNCIES

28,548,000
 228,000,000
 21,600,000
 1,129,129

278,250,129

EXPENDITURES:

STATE OPERATIONS:

CALIFORNIA TRANSPORTATION COMMISSION
 DEPARTMENT OF TRANSPORTATION
 DEPARTMENT OF CONSERVATION
 DEPARTMENT OF PERSONNEL ADMINISTRATION
 MISC. AGENCY
 PUBLIC UTILITIES COMMISSION
 BOARD OF CONTROL
 FOOD AND AGRICULTURE
 UC-EARTHQUAKE RISK
 CALIFORNIA HIGHWAY PATROL
 DEPART. OF MOTOR VEHICLE
 HIGH-SPEED RAIL AUTHORITY
 CMIA
 MISC AGENCY-LOCAL ASSISTANCE
 LOAN REPAYMENT/MVA
 SHARE REVENUE
 OTHER TRANSFER-ADMINISTRATION

321,451
 2,013,725,945
 1,106,266
 12,857,144
 0
 2,281,512
 20,632
 16,545,522
 1,000,000
 60,638,815
 38,371,831
 71,563
 269,709
 142,730

0

522,594

LOCAL ASSISTANCE:

DEPARTMENT OF TRANSPORTATION
 SHARE REVENUE RENTAL INCOME PAYMENTS TO COUNTIES

262,309,989

CAPITAL OUTLAY:

DEPARTMENT OF TRANSPORTATION

646,489,136

2,925,789,767

3,204,039,896

ADJUSTMENTS TO PRIOR YEAR APPROPRIATIONS (SUBTRACTION)

(124,742,917)

FUND BALANCE AS OF JUNE 30, 2005

\$ 1,004,178,873

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**DEPARTMENT OF TRANSPORTATION (2660)
STATEMENT OF CHANGES IN GENERAL FIXED ASSETS
STATE HIGHWAY ACCOUNT FUND (0042)
AS OF JUNE 30, 2005**

UCM Description	Balance 07/01/04	Additions	Deductions	Balance 06/30/05
Land ^a	\$10,982,749,265.83	\$154,619,494.62	\$0.00	\$11,137,368,760.45
Buildings	\$483,415,870.63	\$24,811,984.90	\$0.00	\$508,227,855.53
Equipment	\$161,760,336.13	\$9,397,411.05	\$3,900,882.20	\$167,256,864.98
Improvements Other Than Buildings ^b	\$54,460,844,653.56	\$598,626,414.25	\$0.00	\$55,059,471,067.81
Construction Work In Progress ^c	\$2,263,117,855.07	\$895,389,924.94	\$582,018,053.51	\$2,576,489,726.50
Total	\$68,351,887,981.22	\$1,682,845,229.76	\$585,918,935.71	\$69,448,814,275.27

I certify (or declare) under penalty of perjury that the foregoing is true and correct
and that I have not violated any of the provisions of Article 4, Chapter 1, Division 4,
Title 1, Government Code (Commencing with Section 1090).

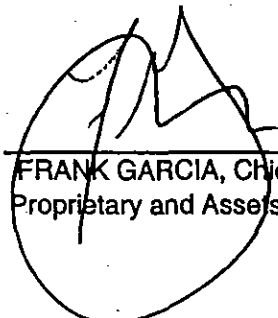
Subscribed and executed this 15th day of August, 2005 at Sacramento, California.

Note:

a - Infrastructure land: beginning balance, \$10,855,042,709.36; additions, \$155,303,606.31;
deletions, \$0.00; and ending balance, \$11,010,346,315.67.

b - Infrastructure only.

c - Infrastructure only.


FRANK GARCIA, Chief
Proprietary and Assets Accounting Branch